

Minutes

LBNL Contract Assurance Council Meeting February 8, 2006

Participants

Council Members:

Bob Foley, Chair
Larry Coleman
John Bireley
Bob Van Ness
Anne Broome
Pat Reed
John Layton

Others:

Jim Hirahara
David McGraw
John Chernowski
Jeffrey Fernandez
Susan Thomas
Bill Eklund
Ron Nelson

The Agenda for the Council Meeting is attached.

BSO Safety Peer Review Results and Next Steps

Acting EHS Director Howard Hatayama provided a summary of the Integrated Safety Management Peer Review to the Council. The briefing presented to the Council is attached. The Peer Review Team was chaired by Bill Bookless, AD for Safety and Environmental Protection at LLNL, and was comprised of highly reputable ES&H experts from throughout the country, including a number of DOE Laboratories. DOE observers from HQ, BSO and Pacific Northwest Site Office also participated. Howard highlighted positives and areas of concern from the Peer Review Team out-brief that had just been conducted. Several areas of concern prompted discussion among Council members. The Peer Review Team noted a fear of reporting incidents at all levels of the organization. The Council questioned whether this meant the poor safety statistics were understating the frequency of safety incidents. This needed to be more fully understood by the Lab, but the initial impression from the Review Team was that employees were fearful of making or causing mistakes rather than a reporting problem. This tended to interfere with full and open inquiry in to root causes so that fundamental problems could be accurately understood and corrected. During the discussion, it was also noted that safety statistics at LBNL were not necessarily comparable to other Science Labs and LBNL may be more conservative in its reporting, making comparisons perhaps seem more negative than they actually were. The Council urged Laboratory management to work with DOE to issue consistent guidance on the issue of comparability of safety statistics, and the Lab agreed that they would continue to pursue the matter.

The Council also questioned what was being done to address the Peer Review Team's observation that Lab Principle Investigators were the most vulnerable link in the line management chain. The Council was informed of Director Chu's personal commitment and interest in holding line managers, including PI's, accountable for safety. The finding confirmed a preliminary concern that Laboratory management had identified, and re-doubled communication efforts and other corrective actions will be addressed in the Lab's corrective action plan. The goal is to validate implementation by early May 2006.

The Council asked if the Peer Review would address Dr. Orbach's highly critical letter to Chairman of the Board of Regents Parsky. It was felt by the Laboratory that the Peer Review Team did a very

credible and hard-hitting job of identifying areas of concern and that rigorous development of corrective actions and aggressive follow-up would help significantly. The Council requested a copy of the Peer Review Team Report after it is issued, and expressed strong interest in being briefed in the future on the corrective action plan development, implementation and validation.

OMB Circular A-123 Status

LBNL Controller Mike Costello briefed the Council on LBNL's program for implementing new OMB Circular A-123 requirements for implementing the principles of the Sarbanes-Oxley Act, commonly referred to as SOX. See briefing attached. Mike described DOE HQ and Chicago service center guidance as encouraging the use of existing audit work and self-assessment procedures as much as possible and avoid re-inventing the wheel. DOE/Chicago requested specific information from the Laboratory, and the Lab was working toward very tight deadlines to provide the requested information. The Council recognized that much effort would be required, but questioned whether the basic objectives of improved financial controls contemplated by A-123 were being fully realized through the exercise. The Council recommended that the CFO, with support of Laboratory management, emphasize a program that is comprehensive for the Laboratory operations, and that would assure focusing priority on high-risk controls. It appeared to the Council that Office of Science was focused on obtaining input from Labs in the Science complex to determine overall adequacy of controls within the complex to meet their obligations under OMB-123, and is likely assuming that the Laboratory's underlying program is A-123 compliant. Further discussion and review is needed to ensure appropriate Lab alignment with the new A-123 principles. Whatever process is used to assess the adequacy of alignment should not be a burdensome or bureaucratic process, and should focus on risk identification with priority given to addressing controls related to high-risk financial activities. The Vice President for Finance suggested that Dan Sampson, Director of Financial Policy and Controls, on her staff be invited to discuss a practical approach for addressing the A-123 requirements. Dan has worked very closely with our CFO's at LANL and LLNL, and has been instrumental in helping each Lab tailor an approach that fit their situation.

Corrective Action Tracking System

John Chernowski provided a live demonstration of the Laboratory's Corrective Action Tracking System. He was able to display information that provided tracking data for all the core functions and activities at the Lab that would have findings, recommendations or corrective actions that needed to be tracked for timeliness through completion and validation. The Council was impressed with the comprehensiveness, practicality and ease of use that the CATS demonstrated. The Laboratory was encouraged to share the tool with LANL and LLNL, as well as other DOE Labs. John indicated that a number of inquiries from other Labs have already been responded to.

1st Quarter Performance Evaluation Report

Jim Krupnick briefed the Council on the recent quarterly review of contract performance relative to the objectives and measures in the Contract Appendix B, Performance Evaluation Management Plan. This was the first such quarterly review, and was suggested by the DOE Berkeley Site Office Manager as a way to provide open communication on performance progress so there were no surprises when year-end performance evaluations were done by DOE. BSO, LBNL and UCOP participated jointly in the review.

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The primary issue with the quarterly review was that few concerns were raised and assessments were too subjective, with little hard data to support the general conclusions that there were few problems. The Council offered a number of observations. Perhaps more disciplined preparation, including a UC/Lab dry-run, would help sort out and identify critical issues and present them in the appropriate context. It was the opinion of the Council that self-assessments involving rigorous and critical inquiry were an important tool for continuously improving performance and needed to be utilized to provide a strong foundation for effective operations at the Laboratory. The Performance Evaluation Management Plan is a vital and important indicator of whether the performance results are meeting expectations or not. The quarterly review process should focus on credibility of and agreement on performance results, rather than the broader process of self-assessment. Jim Krupnick indicated that the Laboratory was engaged in a lessons learned assessment and would be considering changes to the quarterly review process in coordination with BSO. The Council requested Laboratory management to follow-through with the lessons learned assessment and report progress at the next Council meeting.

Project Management Updates

Jim Krupnick provided status information on several Project Management Office priorities. He was pleased to announce that LBNL had formally received Earned Value Management System certification from DOE. The Decommissioning and Decontamination of B51/Bevatron was back on track under new project management leadership and enhanced internal oversight provided by a Technical Advisory Board. DOE was reported to be satisfied with the Laboratory's progress. The Council expressed interest in continuing to be kept informed of progress on this project. Finally, a DOE/HQ review of the Energy Sciences Network (ESnet) is planned. A large team headed up by Dan Lehman will review how effectively SC's networking requirements will be met within constrained budgets.